



TESTIMONY
of the
CONNECTICUT CONFERENCE OF MUNICIPALITIES
to the
LABOR & PUBLIC EMPLOYEES COMMITTEE

February 8, 2011

Good afternoon, on behalf of CCM -- Connecticut's statewide association of towns and cities -- my name is **Robert Valentine, First Selectman of the town of Goshen**. Thank you for the opportunity today to speak before you regarding Connecticut's **prevailing wage mandate** as it applies to municipalities.

I am here today on behalf of all local governments (rural, suburban, and urban) to implore you: we need your help. This is not a test. This is not a drill. This fiscal crisis is real. Municipalities need relief -- NOW -- from unfunded state mandates that only you have the authority to amend. We need mandates relief in order to protect the local services we all rely on such as safe neighborhoods, plowed roadways, and a voice at the end of a 9-1-1 call.

One of those mandates in desperate need of repair, which wastes precious state and local resources, is Connecticut's prevailing wage mandate. The epitome of state mandates -- the so-called prevailing wage -- requires municipalities and the State to pay inflated wages on construction projects over \$400,000 for new work and \$100,000 for renovation projects.

Q: What should be done to provide relief to towns and cities, and the State, from this mandate?

A: **Raise the project cost thresholds that trigger this costly mandate.**

Threshold adjustments, and the appropriate classification of new vs. repair, would free-up state and local dollars, jumpstart and expand projects, and protect and create jobs. The alternative -- more layoffs and shelved projects should not be an option. The reward for the State as a whole in enacting relief measures greatly outweighs any possible impact on special interests.

Facts Don't Lie:

The prevailing wage thresholds have not been adjusted since 1991. Prior to 1991, legislators adjusted prevailing wage thresholds on a six-year schedule (*see table 1*).

The 20-year absence of adjustments to the project-cost triggers of **Connecticut's prevailing wage mandate has cost the State and local governments millions of dollars** – money that is desperately needed now to deliver local and state services during this recession.

*Table 1 -- **Legislative History of Threshold Adjustments***

1979 – P.A. 79-325: set project thresholds at \$10,000 for renovations and \$50,000 for new construction.

1985 – P.A. 85-355: adjusted thresholds to \$50,000 for renovations and \$200,000 for new construction.

1991 – P.A. 91-74: adjusted thresholds to \$100,000 for renovations and \$400,000 for new construction.

The term “prevailing wage” connotes “average wage,” which sounds reasonable. However, in

fact, prevailing wages are markedly higher than average wages [*see table 2, which illustrates the prevailing wage “benefit” for selected jobs in various communities (large and small)*].

Table 2

State-Mandated Workers' Benefits:

Prevailing Wage “Benefits” = Unprecedented Salary Raises at Taxpayers' Expense

Source: Waterbury Republic American, February 15, 2007. Source: CT DOL, State Register & Manual

	Bridgeport	New Haven	Canaan	Warren
Bricklayer	Wage Rate: \$28 Benefit: \$15.65 Total: \$43.65	Wage Rate: \$29.50 Benefit: \$16.41 Total: \$45.91	Wage Rate: \$29.50 Benefit: \$16.41 Total: \$45.91	Wage Rate: \$29.50 Benefit: \$16.41 Total: \$45.91
Ironworker	Wage Rate: \$30.05 Benefit: \$18.84 Total: \$48.89	Wage Rate: \$30.05 Benefit: \$20.18 Total: \$50.23	Wage Rate: \$30.05 Benefit: \$20.18 Total: \$50.23	Wage Rate: \$30.05 Benefit: \$20.18 Total: \$50.23
Plumber	Wage Rate: \$29.27 Benefit: \$15.76 Total: \$45.03	Wage Rate: \$29.97 Benefit: \$17.31 Total: \$47.28	Wage Rate: \$29.97 Benefit: \$17.31 Total: \$47.28	Wage Rate: \$29.97 Benefit: \$17.31 Total: \$47.28
Bulldozer Operator	Wage Rate: \$29.15 Benefit: \$12.95 Total: \$42.10	Wage Rate: \$29.39 Benefit: \$14.50 Total: \$43.89	Wage Rate: \$29.39 Benefit: \$14.50 Total: \$43.89	Wage Rate: \$29.39 Benefit: \$14.50 Total: \$43.89

Whether it is a Legislative Program Review and Investigations report that pegs the increase in costs at around 4 to 7%; or the Wharton School of Business report of figures to be upwards to 30% -- **there is no dispute that the prevailing wage mandate forces municipalities and the State to pay millions of extra dollars every year for public works projects.**

Real World Impact:

The reality of the prevailing wage mandate on hometowns can be felt in projects big and small (*see table 3 of examples of current or pending projects forced to pay added costs*).

The town of Harwinton's experience is illustrative of the problem. Town officials had plans for a town garage. The cost estimates for this project without prevailing wages was \$1,300,000 – however, because of this state mandate, prevailing wages were required, thus raising the costs to \$1,800,000. **Translation: in order for the town of Harwinton to build a garage, local taxpayers had to fork over an extra \$500,000 because of the prevailing wage state mandate.** That is the opposite of efficient spending, particularly in an era when local dollars are stretched to the max.

In addition to the actual mandate, the process itself for determining whether a project is new construction or repair/renovation is flawed and often serves as a deterrent to break ground on a project.

Examples abound. Again, in the town of Harwinton, there was a project involving funds from a STEAP grant for \$236,000 to extend a water line from the elementary school to the town offices and some local businesses. The Regional

School Board had contracted and paid for the waterline to the school, which was done three years before the town of Harwinton received the STEAP grant. The contract was a separate agreement between the Water Company and the Town -- and was under the \$400,000 mandated threshold. However, the state Department of Labor dictated that Harwinton's contract was a continuation (i.e. a renovation) of the School Board's contract and therefore, was subject to the lower prevailing wage threshold of \$100,000. Again, because of this unnecessary state mandate on municipalities – Harwinton was forced to scrape together an additional \$56,000. For what?

Table 3 – Current or Pending Local Projects Affected

Avon: A library renovation project taking place within the year that will trigger the prevailing wage threshold.

Bristol: Has 2 large school projects that will be taking place in the city. Bids were just issued to construction companies, prevailing wage thresholds were triggered for both projects.

Cheshire: Has several large projects coming up within the next year that will trigger prevailing wage: (1) sewer treatment project, this is a \$30 million dollar project, (2) roofing projects at two schools this summer (3) turf installation project at the high school, also slated to take place this summer – prevailing wages will raise the costs of each project.

Farmington: Has 2 projects scheduled for within the year that have triggered prevailing wage both of which have gone out to and come back from bid; (1) a multi-use trail, and (2) a street skate project.

Manchester: Has 15 large construction/renovation projects scheduled for the next year that have triggered the prevailing wage thresholds.

Portland: Has a water pollution project scheduled for this spring, total cost of the project is around \$850,000, which will trigger prevailing wage mandated benefits.

Stonington: Currently undergoing a sewer treatment project, total project cost is \$18 million – causing additional mandated prevailing wage benefits.

Waterbury: Has 10 large construction/renovation projects scheduled for within the next year, each of which has triggered the prevailing wage threshold, three of these projects currently out to bid.

In my own hometown of Goshen for instance, we are in the process of replacing the Dam at Tyler Lake. This is a project that requires the removal of the entire structure, including soils.

The provisions of §31-53g are very clear;

“The provisions of this section do not apply where the total cost of all work to be performed by all contractors and subcontractors in connection with new construction of any public works project is less than four hundred thousand dollars or where the total cost of all work to be performed by all contractors and subcontractors in connection with any remodeling, refinishing, refurbishing, rehabilitation, alteration or repair of any public works project is less than one hundred thousand dollars.”

Even though nothing of the original structure remained, the Department of Labor insisted that it be classified as a “repair”. In doing so, the cost was arbitrarily increased.

Local officials from both political parties are pleading for state lawmakers to remove politics from this debate. They are not demanding repeal of Connecticut’s prevailing wage rate law. Local officials are not even demanding radical changes to this mandate. **We are asking state lawmakers to make reasonable adjustments to the thresholds and require the Department of Labor to administer §31-53g as the legislative history would indicate. Appropriate thresholds for remodeling, refinishing, refurbishing, rehabilitation, alteration -- as well as new construction -- are essential to allowing municipalities the ability to manage their limited resources.**

There are approximately 20 bills currently filed before this committee that recommend, in some manner, adjustments to the prevailing wage mandate. These bills should have a hearing for the public to comment on and should be voted upon by committee members. To do otherwise protects the status quo in an era when Hometown Connecticut and local property taxpayers need your help the most.

##

If you have any questions, please contact Bob Labanara (rlabanara@ccm-ct.org) or Jim Finley (jfinley@ccm-ct.org) of CCM.